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MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

MLB ADVANCED MEDIA, L.P. Plaintiff, vs. STATS, INC. Defendant.	)	05C 6452 In re DDB Technologies, LLC v. MLB Advanced Media, L.P. Civil Action No. A-04-CA-352-LY Western District of Texas (Austin Division)

JUDGE GOTTSCHALL

MAGISTRATE JUDGE ASHMAN

MLB ADVANCED MEDIA L.P.'S MOTION TO ENFORCE SUBPOENA AND COMPEL STATS INC. TO PRODUCE DOCUMENTS

This motion to compel arises out of a patent infringement lawsuit that is presently pending in the United States District Court for the Western District of Texas, Austin Division, before the Honorable Lee Yeakel, District Judge. DDB Technologies, L.L.C. ("DDB") claims that MLB Advanced Media, L.P. ("MLBAM") infringes four patents purportedly assigned to DDB. MLBAM denies such infringement and claims that the DDB patents are invalid and unenforceable.

During the course of discovery in the Texas lawsuit, defendant MLBAM served a document subpoena on non-party Illinois corporation, STATS Inc. ("STATS"). A copy of the subpoena, along with the documents served with the subpoena, is attached to the Declaration of Hansen as Exhibit A. The subpoena was served on STATS along with a copy of the protective order previously entered by the Court in the underlying patent litigation. Despite the protection from disclosure offered under the protective order, and the willingness to provide other reasonable protections, STATS objected to the subpoena claiming that several document requests call for the production of "materials that are privileged as highly confidential proprietary information and/or trade secrets." Because the terms of the protective order adequately protect

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STATS from any risk of disclosure, MLBAM requests that pursuant to Fed. R. Civ. P. 26(b), Fed. R. Civ. P. 34, Fed. R. Civ. P. 37, and Fed. R. Civ. P. 45, the Court order STATS to produce the requested documents, subject to the terms of the protective order.

FACTUAL BACKGROUND

MLBAM operates the official internet website of Major League Baseball ("MLB"), www.mlb.com, and the websites of each of the 30 MLB clubs. Those websites contain a number of web-based products related to Major League Baseball.

DDB Technologies LLC ("DDB") is the assignee of four patents listing David Barstow and Daniel Barstow as inventors. MLBAM contends that three of the DDB patents are directed to a broadcast of a live event, such as a baseball game, where the viewer's computer generates a graphical, animated, computer simulation of the game and each play as it is occurring. The fourth patent requires that the specific game information needed to generate the simulation and animated movement be transmitted to the viewer computer. The first of the four patent applications was filed on January 15, 1991, and the fourth patent was filed on January 9, 1997, and issued on March 20, 2001, making the period of time from 1991 through 2001 highly relevant to issues related to the patents.

STATS (an acronym for Sports Teams Analysis and Tracking Systems) is in the business of compiling, analyzing and marketing proprietary sports statistical information and related products. In 1991, STATS and Metacomet Software, a company run by David and Daniel Barstow and an early licensor of the patents now assigned to DDB, worked together on a project known as "Baseball Live!". The Baseball Live! project used computers to provide services to baseball fans, ranging from scores and status of games in progress, to animated displays of game events, and to personalized statistical summaries.

The relationship between David Barstow and STATS continued over a period of several years and in 1994 David Barstow formed a company called Instant Sports ("IS"). In 1995, IS and STATS entered into a development agreement related to the computerized use of statistical information from MLB. During the 1995 through 1997 MLB seasons, IS used the patented technology to run a website that made real-time and archived simulations of MLB games available. During that time, IS obtained baseball information from STATS for use on the IS website. The relationship between STATS and David Barstow continued even after the IS website was closed, as David Barstow did consulting work for STATS. From late in 1997 through the end of 1998, IS and STATS also had ongoing discussions related to IS's offer to license or sell some or all of its assets, including the patents, to STATS.

The MLBAM subpoena was served on STATS on September 9, 2005, along with a letter inviting STATS to contact MLBAM to work out a convenient date for the production of the documents. (*see* Hansen Dec. Ex A) In response to that letter, STATS contacted MLBAM and requested an extension of time in which to respond to October 10. That request, in part, was based on the representation by STATS' attorney that there were a large number of documents that needed to be reviewed. MLBAM agreed to extend the deadline to October 10. (Hansen Dec. ¶ 4) On October 28, STATS finally responded, producing only 6 pages of documents. (Hansen Dec. ¶ 5) STATS claimed, among other general objections, that responsive documents contained confidential information and trade secrets. (Hansen Dec. Ex. B)

The subpoena served on STATS requested nine categories of documents. Of those nine categories, STATS objected to five on grounds that they would require the disclosure of highly confidential proprietary information and/or trade secrets. Those five categories are:

> 2. All documents concerning, relating to, or otherwise evidencing any correspondence or communications between, on the one hand, STATS Inc. and,

on the other hand, David Barstow, Daniel Barstow, Instant Sports Inc., Metacomet Software or DDB Technologies, L.L.C.

3. All documents concerning or relating to software, source code, or other computer-based features and functionalities utilized by STATS, Inc. in connection with the collection and/or provision of scoring and statistics of Major League Baseball games.

4. All documents concerning or relating to software, source code, or other computer-based features and functionalities utilized by each of the programs known as Edge1000, Baseball Information Systems (BIS) and Project Scoresheet.

5. All documents concerning the relationship between the following entities, as well as potential agreements, the negotiation of agreements, and/or agreements of any kind between any of the following: STATS, Inc., Instant Sports, Inc., Metacomet Software, DDB Technologies, L.L.C., Instant Replay Network, EA Sports, Electronic Arts, Project Scoresheet, David Barstow and/or Daniel Barstow.

6. All documents, including but not limited to memoranda or letters, reflecting opinions regarding the (a) validity; (b) enforceability; or (c) infringement by any person, corporation, association, organization or product, of U.S. Pat. No. 5,189,630, U.S. Pat. No. 5,526,479, U.S. Pat. No. 5,671,347, U.S. Pat. No. 6,204,862, any patent that issued from International application No. PCT/US91/04490, and any pending patent application on which David Barstow and/or Daniel Barstow is identified as an inventor. This request includes both pre-issuance and post-issuance opinions, and includes opinions authored by others.

(Hansen Dec. Ex B)

The five categories of documents to which STATS has objected concern the patents-at-issue, prior art to those patents, the validity of the patents, and attempts to license or sell the patents.

ARGUMENT

In general, the federal rules allow for broad discovery in order that the parties may gain full knowledge of the issues of the case. *Hickman v. Taylor*, 329 U.S. 495 (1947). Specifically, the Federal Rules of Civil Procedure allow discovery regarding "any matter, not privileged, which is relevant to the subject matter in the pending action ... The information sought need not be admissible at the trial if the information sought appears reasonably calculated to lead to the discovery of admissible evidence." Fed. R. Civ. P. 26(b)(1).

"It is well settled that where information sought is relevant and necessary to the presentation of a case, the fact that such information constitutes a trade secret need not bar discovery. *Triangle Ink v. Sherwin-Williams Co.* 61 F.R.D. 634, 636 (N.D. Il. 1974). The trade secret claim does not give the information an absolute privilege from discovery. "No absolute privilege for confidential information or trade secrets exists." *Cmedia, LLC v. Lifekey Healthcare*, LLC, 216 F.R.D. 387 (N.D. Tex. 2003) citing *Exxon Chem. Patents v. Lubrizol Corp.*, 131 F.R.D. 668, 671 (S.D. Tex. 1990).

This is likewise true where the information is sought from a third party by subpoena. The court in *Cmedia, supra*, a breach of contract case related to rates charged for advertising, ordered a third party competitor of the defendant to produce trade secrets related to terms of advertising contracts and advertising rate information subject to a protective order that would ensure confidentiality. In *United States v. American Optical Co.*, 39 F.R.D. 580, 586 (N.D. Cal. 1966) an officer of a non-party competitor to the defendant was required to produce confidential business records where they were relevant to the issues of the case, a suitable protective order to reduce the risk of harm was ordered, and because the records were four years old, reducing the risk of competitive injury. The court in *Mycogen Plant Science, Inc. v. Monsanto Co.*, 164 F.R.D. 623 (E.D. Pa. 1996) ordered a third party to produce confidential trade secret information to a competitor where confidentiality could be protected through a protective order. The court in Mycogen noted that in cases in which confidential information is sought, "discovery is virtually always ordered" and "orders forbidding any disclosure of trade secrets or confidential commercial information are rare." *Id* at 626, n.7, citations omitted.

STATS claims that the requested documents contain highly confidential proprietary information and/or trade secrets. STATS has not provided any evidence that the requested information will disclose trade secrets; however, even if the documents requested do contain trade secrets, the relevance of the requested documents to the issues in this suit, and the protections available under the protective order in place, give adequate protection to STATS, and support the production of the documents.

A. The Information Subpoenaed Is Relevant To The Underlying Case

As set forth above, the relevance of the categories of information requested in the subpoena is clear. Correspondence between STATS and the Barstows and their businesses (item 2 in the subpoena, Hansen Dec. Ex. A) may disclose offers to sell or the value of the technology at issue. The code and technical features of the STATS system (item 3 in the subpoena, Hansen Dec. Ex. A) may show that they were used in the patented technology, raising inventorship and validity issues related to the patents. Documents related to prior art (item 4 in the subpoena, Hansen Dec. Ex. A) may impact issues of validity of the patents in suit. Agreements between STATS and the Barstow entities (item 5 in the subpoena, Hansen Dec. Ex. A) may provide information regarding a reasonable royalty for the patents in suit. Opinions regarding validity, enforceability or infringement (item 6 in the subpoena, Hansen Dec. Ex. A) are also directly relevant to issues in this lawsuit – the validity, enforceability and infringement of the patents in suit.

Fed. R. Ev. 401 states that "'relevant evidence' means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence." Cited in *New York State Energy Research and Development Authority v. Nuclear Fuel Services, Inc.*, 97 F.R.D. 709, 712-713 (W.D.N.Y. 1983). Relevancy for discovery purposes should be liberally construed. *See*

Wright and Miller § 2008. Relevance should be measured by the general relevance to the subject matter and the legal issues present in the case rather than the precise issues presented by the pleadings. *Transcontinental Fertilizer Co. v. Samsung Company, Ltd.* 108 F.R.D. 650, 652 (E.D. Pa. 1985). If the discovery is relevant to the claim or defense of any party and it is possible that the discovery sought may lead to information relevant to the subject matter of the action, then the discovery should generally be allowed. *Wauchop v. Domino's Pizza, Inc.* 138 F.R.D. 539, 544 (N.D. IN 1991), Wright and Miller § 2008.

"A district court whose only connection with a case is supervision of discovery ancillary to an action in another district should be 'especially hesitant to pass judgment on what constitutes relevant evidence thereunder.'" *Truswal Systems Corp. v. Hydro-Air Engineering, Inc.* 813 F.2d 1207, 1211-1212 (Fed. Cir. 1987) citing *Horizons Titanium Corp. v. Norton Co.* 290 F.2d 421, 425 (1st Cir. 1961). If relevance is unclear, Rule 26(b)(1) indicates that the court should be permissive. *Truswal*, 813 F.2d 1211-1212 citing *Heat & Control, Inc. v. Hester Industries, Inc.*, 785 F.2d 1017, 1024 (Fed. Cir. 1986).

B. MLBAM Cannot Obtain Such Documents Elsewhere

David Barstow and his various companies worked closely with STATS during the time period most central to the underlying patent infringement litigation – the time period in which the patent applications were filed. Mr. Barstow and his companies have indicated that they have no documents related to their work with STATS. Accordingly, there is no one other than STATS that will have access to information regarding how STATS provided information to IS, an early company of David Barstow. Only STATS will have information about whether STATS code was incorporated by David Barstow into his patented technology. Only STATS will have information about prior art disclosed to David Barstow by STATS. Only STATS will have information about STATS opinions of the value and usefulness of the patented technology.

Only STATS will have information that might show whether the early negotiations between STATS and IS could be an on sale bar under 35 U.S.C. § 102(b).

These issues are central to the patent infringement litigation presently pending between DDB and MLBAM. STATS is in a unique position to possess highly relevant information that could materially affect the outcome of the underlying lawsuit.

C. The Protective Order Entered By The Court In The Underlying Patent Litigation Provides STATS With Substantial And Sufficient Protection For Any Proprietary Information Or Trade Secrets Disclosed

The protective order previously entered by the Court in the underlying patent litigation permits any party producing documents to identify them as "For Counsel Only" or "Attorneys' Eyes Only." (Dec. Hansen Ex. A, protective order at ¶¶ 2, 4) The protective order subjects such documents to limited disclosure and significant protections. (Dec. Hansen Ex. A, protective order at ¶¶ 3, 6)

Courts faced with the issue of disclosure of trade secrets have permitted such discovery under the terms of a protective order such as the one in this case. *See Davis v. General Motors Corp.*, 64 F.R.D. 420, 422-423 (N.D. Il. 1974) (Court permitted discovery from defendant regarding trade secrets pursuant to a protective order that permitted disclosure only to trial counsel and experts.) *See Spartanics, Ltd. v. Dynetics Engineering Corp.*, 54 F.R.D. 524, 526-527 (N.D. Il. 1972) (Court permitted discovery of trade secrets but limited disclosure to trial counsel and experts.) Even where the requesting party is a direct competitor of the producing party, courts have required the disclosure of information deemed confidential, where it was needed to defend against a claim. *See Cmedia,* 216 F.R.D. at 391. (The court there required that privileged documents be produced by a non-party to a direct competitor, subject to a protective order that restricted disclosure of privileged documents to the attorneys involved in the litigation and to independent experts, and which ensured the destruction or return of the documents to the disclosing party within a reasonable time after the conclusion of the lawsuit.)

The adequacy of the protective order in place and the relevance of the requested documents support MLBAM's request that the subpoena be enforced, and that STATS be ordered to produce the documents, subject to the protective order.

CONCLUSION

STATS has failed to provide documents properly subpoenaed, despite the protections available under the Protective Order. MLBAM requests that the Court order STATS to immediately provide the documents subpoenaed by MLBAM.

Dated: November 10, 2005

Respectfully submitted,

MLB ADVANCED MEDIA, L.P.

By:____

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Certificate of Conference

The undersigned sent a letter to and left voice mail messages with Laura Prather, counsel for STATS, Inc. regarding the relief requested in this Motion and advised her that this motion would be filed. Ms. Prather left a voice mail indicating that she is unavailable to discuss this matter, and understands if MLBAM determines that it must file this motion to compel.

Linda E. B. Hansen